

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

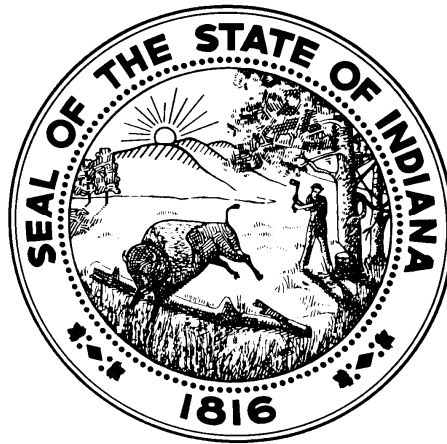
EXAMINATION REPORT

OF

TOWN OF BIRDSEYE

DUBOIS COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
11/07/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna King	01-01-04 to 12-31-11
President of the Town Council	Larry A. Wehr	01-01-06 to 12-31-08



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BIRDSEYE, DUBOIS COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Birdseye (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 7, 2008

TOWN OF BIRDSEYE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 63,694	\$ 44,529	\$ 65,598	\$ 42,625
Motor Vehicle Highway	27,055	22,036	1,691	47,400
Local Road and Street	13,015	2,890	-	15,905
Law Enforcement Continuing Education	1,615	279	150	1,744
Riverboat	8,799	2,926	10,000	1,725
Rainy Day	2,376	-	-	2,376
Park Donation	12,417	5,083	13,698	3,802
County Economic Development Income Tax	18,918	6,686	5,000	20,604
Levy Excess	-	468	468	-
Proprietary Funds:				
Water Utility - Operating	173,731	131,798	137,970	167,559
Water Utility - Customer Deposit	2,500	1,100	2,850	750
Wastewater Utility - Operating	78,090	78,409	49,624	106,875
Fiduciary Funds:				
Utility Collections	267	175,215	175,112	370
Payroll	820	61,772	62,582	10
Totals	<u>\$ 403,297</u>	<u>\$ 533,191</u>	<u>\$ 524,743</u>	<u>\$ 411,745</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 42,625	\$ 64,224	\$ 65,908	\$ 40,941
Motor Vehicle Highway	47,400	21,602	18,428	50,574
Local Road and Street	15,905	2,941	15,000	3,846
Law Enforcement Continuing Education	1,744	520	175	2,089
Riverboat	1,725	2,932	1,000	3,657
Rainy Day	2,376	2,728	2,300	2,804
Park Donation	3,802	919	3,519	1,202
County Economic Development Income Tax	20,604	6,486	22,000	5,090
Community Center Grant	-	24,750	24,750	-
Proprietary Funds:				
Water Utility - Operating	167,559	165,565	116,907	216,217
Water Utility - Customer Deposit	750	64	125	689
Wastewater Utility - Operating	106,875	63,971	40,687	130,159
Fiduciary Funds:				
Utility Collections	370	176,323	176,493	200
Payroll	10	61,931	60,998	943
Totals	<u>\$ 411,745</u>	<u>\$ 594,956</u>	<u>\$ 548,290</u>	<u>\$ 458,411</u>

The accompanying notes are an integral part of the financial information.

TOWN OF BIRDSEYE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, general administrative services, water, and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF BIRDSEYE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the District authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Subsequent Event

During the June 2008 meeting, the Town Council awarded the bid to repair and paint the water tower to Kessler Tank Company. The cost of the project will range from \$37,950 to \$42,950 depending on the amount of repair work needed on the inside of the water tank. The project was started on September 30, 2008.

TOWN OF BIRDSEYE
103 W. STATE ROAD 64
BIRDSEYE, IN 47513
Phone (812) 389-2419 Fax (812) 389-9119

**TOWN OF BIRDSEYE
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS**

For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 37,960
Buildings	255,648
Improvements other than buildings	12,486
Machinery and equipment	16,155
Transportation equipment	<u>27,707</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 349,956</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Land	\$ 250
Buildings	15,489
Improvements other than buildings	285,462
Machinery and equipment	14,038
Transportation equipment	<u>24,292</u>
Total Water Utility capital assets	<u>\$ 339,531</u>

Wastewater Utility:	
Land	\$ 14,600
Buildings	17,923
Improvements other than buildings	1,458,935
Machinery and equipment	20,369
Transportation equipment	<u>11,964</u>
Total Wastewater Utility capital assets	<u>\$ 1,523,791</u>

TOWN OF BIRDSEYE
EXAMINATION RESULTS AND COMMENTS

CONTRACTS

Payments were made for water line repairs and park improvements without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in the prior report.

EXPENDITURE OF UTILITY FUNDS

A bank building was donated to the Town during 2007. Remodeling costs totaling \$7,145 were incurred during 2007 to make the building into a Town Hall. The Water Utility paid \$6,950 (97%) and the Wastewater Utility paid \$195 (3%) of the remodeling costs.

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, utility funds should not be used to pay for personal items. The cost of shared employees and equipment between a city or town and its utilities or between utilities should be prorated in a rational manner.

Establishment of a Cash Reserve Fund permits transfer of surplus utility funds to the city or town general fund. After appropriation, such transferred funds may then be used for any legal general fund purpose. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PURCHASE OF PROPERTY

The Water Utility purchased property during 2006 costing \$31,931 without getting appraisals of the fair market value. The property was subsequently sold to the Town.

Indiana Code 36-1-10.5-5 states: "A purchasing agent shall purchase land or a structure only after compliance with the following procedures:

- (1) The fiscal body of the political subdivision shall pass a resolution to the effect that it is interested in making a purchase of specified land or a structure.
- (2) The purchasing agent shall appoint two (2) appraisers to appraise the fair market value of the land or structure. The appraisers must be professionally engaged in making appraisals or be trained as an appraiser and licensed as a broker under IC 25-34-1.
- (3) The appraisers shall return their separate appraisals to the purchasing agent within thirty (30) days after the date of their appointment. The purchasing agent shall keep the appraisals on file in the purchasing agent's office for five (5) years after they are given to the purchasing agent.
- (4) The purchasing agent shall give a copy of both appraisals to the fiscal body."

Indiana Code 36-1-10.5-6 states: "A purchasing agent may not purchase any land or structure for a price greater than the average of the two (2) appraisals received under section 5 of this chapter."

TOWN OF BIRDSEYE
EXIT CONFERENCE

The contents of this report were discussed on October 7, 2008, with Donna King, Clerk-Treasurer; and Emmett W. Wiseman, Town Board member. The officials concurred with our findings.